

## Message Text

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46

ACTION EB-11

INFO OCT-01 EUR-25 IO-13 ADP-00 AID-20 CEA-02 CIAE-00

COME-00 EA-11 FRB-02 INR-10 NEA-10 NSAE-00 RSC-01

OPIC-12 TRSE-00 CIEP-02 LAB-06 SIL-01 OMB-01 MC-02

STR-08 SS-15 NSC-10 DODE-00 XMB-07 PRS-01 PA-03

USIA-15 L-03 H-03 RSR-01 /196 W

----- 091417

R 151004Z AUG 73

FM AMEMBASSY STOCKHOLM

TO SECSTATE WASHDC 539

INFO AMEMBASSY COPENHAGEN

AMEMBASSY HELSINKI

AMEMBASSY LONDON

AMEMBASSY OSLO

US MISSION GENEVA 592

US MISSION OECD PARIS 1488

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E.O. 11652 N/A

TAGS: ETRD SW

SUBJECT: GOS GIVES ANOTHER COMPUTER ORDER TO SWEDISH MANUFACTURER

REF: STOCKHOLM'S 3377, OCTOBER 28, 1972; STOCKHOLM'S A-216,

MAY 31, 1972

1. AS REPORTED IN STOCKHOLM'S 3377 LAST OCTOBER, SWEDISH GOVERNMENT AWARDED DEFENSE CONTRACT FOR COMPUTERS TO A SWEDISH COMPANY DESPITE PURCHASING AGENCY'S PREFERENCE FOR IBM COMPUTERS. A SECOND DECISION HAS NOW BEEN TAKEN TO GIVE A GOVERNMENT CONTRACT FOR PERIPHERAL EQUIPMENT TO A SWEDISH MANUFACTURER, ALTHOUGH THE SWEDISH BIDDER WAS RANKED FOURTH IN GOVERNMENT EVALUATION OF BIDS.

2. EARLY THIS YEAR BIDS WERE REQUESTED BY SWEDISH NATIONAL

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INSURANCE BOARD FOR TERMINALS WORTH ABOUT \$5 MILLION TO BE IN-

STALLED IN INSURANCE OFFICES THROUGHOUT SWEDEN. SEVERAL FIRMS SUBMITTED BIDS INCLUDING ICL, HONEYWELL BULL, BURROUGHS AND STANSAAB AB (WHICH IS OWNED ONE-HALF BY SAAB AND ONE-HALF BY GOS). BEFORE BEGINNING AN EXPENSIVE SELLING EFFORT, HONEYWELL BULL ASKED FOR AND GOT ASSURANCES IN WRITING THAT THERE WOULD BE AN "OBJECTIVE EVALUATION" OF BIDS. THERE WAS A SUBSEQUENT OFFICIAL EVALUATION OF SUBMITTED BIDS WITH FINDINGS IN ORDER INDICATED ABOVE, I.E., STANSAAB A POOR FOURTH. HOWEVER, ONLY A COUPLE OF DAYS AFTER EVALUATION WAS MADE PUBLIC, MINISTER OF FINANCE STRANG ANNOUNCED THAT DECISION HAD BEEN TAKEN IN FAVOR OF STANSAAB. NO EXPLANATION WAS GIVEN.

3. ON JULY 27, THE BRITISH EMBASSY MADE REPRESENTATIONS TO MFA STATING THAT ACTION APPEARED TO BE "OUT AND OUT DISCRIMINATION AGAINST ICL", WHICH RANKED FIRST IN OFFICIAL EVALUATION OF BIDS, AND THAT SUBMISSION OF BIDS IN SUCH CASES APPEARED TO BE A WASTE OF MONEY AND EFFORT. TO DATE SWedes HAVE NOT RESPONDED TO BRITISH PROTEST.

4. NEITHER HONEYWELL BULL NOR BURROUGHS HAS ASKED THIS EMBASSY FOR ASSISTANCE IN THIS CASE. HONEYWELL BULL SXUBMITTED A BID PRICE LOWER THAN THAT OF ICL ALTHOUGH LATTER WAS RANKED FIRST FOR OTHER REASONS. HONEYWELL BULL DID OBTAIN SMALL CONTRACT FOR COMPUTER CONCENTRATORS VALUED AT \$60,000 TO BE USED WITH TERMINAL SYSTEM. MOREOVER, TERMINALS WILL BE CONNECTED TO TWO HONEYWELL 6000 COMPUTERS ALREADY IN POSSESSION OF NATIONAL INSURANCE BOARD. REPORTEDLY STANSAAB WILL BUY CERTAIN ELEMENTS OF TERMINAL SYSTEM FROM OTHER AMERICAN MANUFACTURERS. HONEY WELL BULL IS CONSIDERING ASKING COMPENSATION FROM GOS FOR EXPENSES INCURRED IN PREPARING BID.

5. COMMENT: EMBASSY WILL SEEK EARLY OPPORTUNITY TO QUERY GOS ABOUT THIS MOST RECENT DECISION IN GOVERNMENT PROCUREMENT FIELD. GOS WILL UNDOUBTEDLY RESPOND THAT THIS DECISION WAS ANOTHER "SPECIAL CASE", DICTATED BY SWEDISH UNEMPLOYMENT SITUATION AND WEAK PROFITABILITY POSITION OF STANSAAB. WE ASSUME THAT FORTHCOMING ELECTIONS ALSO INFLUENCED DECISION.

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